five crores. The new Government have cut it short and this year they are allotting only Rs. one crore. In fact, every year, the allotment for various universities and other institutions is going up. But in this case it has been cut down from Rs. five crores to Rs. one crore. The Government has some reservation regarding the previous Vice-Chancellor in some dispute. But that is no justification why a great institution should be strangulated in the manner in which it is being done now. In various centres where Sanskrit education is being conducted, not only the amount is being reduced but the study of Sanskrit is also being strangulated. I am happy that the Finance Minister is present in the House. I would like to invite his attention to this problem. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI MD. SALIM): The Finance Minister is attending to a problem relating to Kerala. *(Interruptions)*

SHRI O. RAJGOPAL: The Government of India has also contributed substantially for the establishment of this university alongwith the Kerala Government as well as His Holiness Sankaracharya of Sringeri. The university was started with that amount with the great expectation of encouraging the study of Sanskrit. But somehow, the present Government does not like it and they want to strangulate it. Now, I want to invite the attention of the Government and request the Government of India to intervene in this matter, because the encouragement of Sanskrit study is a cause, which is dear to the Government of India also, and they have a duty to see that this institution which has been established for the promotion of Sanskrit, is run successfully and its activities increased instead of being cut short in the way in which the Kerala Government is doing it. This is my submission.

I. STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE DEPOSITORIES (THIRD) ORDINANCE, 1996 (No. 28. of 1996)

II. THE DEPOSITORIES BILL, 1996

SHRI SATISH AGARWAL (Rajasthan): Thank you very much Mr. Vice-Chairman. Sir, for permitting me to move my Statutory Resolution. My Resolution reads as under:—

> "That this House disapproves of the Depositories (Third) Ordinance, 1996 (No. 28 of 1996) promulgated by the President on the 21st June, 1996."

Mr. Vice-Chairman. Sir, at the very outset, I want to make it very clear that though I am moving this Resolution for seeking disapproval of the Ordinance on the usual ground that I put forth in this connection, I and my party support the Bill as such. We are not opposed to the Bill excepting on one count which I will state briefly as under:-

If I understand correctly, the need to bring this sort of legislation was felt since long on account of bad deliveries, delayed transfers, fake or forged or duplicate certificates and benami transactions also...

It was probably in this background that the predecessor Finance Minister, Dr. Manmohan Singh, thought it wise to bring forward such a piece of legisaltion sometime in the month of September, 1995 because the first Ordinance which was promulgated on 29.9.1993, though it was approved by the Lok Sabha, could not be approved by the Rajya Sabha. Later on, another Ordinance was promulgated on 7th of January, 1996. It also could not get through, and finally on 27th of March, 1996, for the third time, the Ordinance was promulgated and the Bill, though it was passed by the Lok Sabha, could not be passed by the Rajya Sabha; I do not want to go into all these details. Anyhow, on three consecutive occasions

the Ordinances were promulgated and repromulgated. It reminds me of the history of repromulgation of Ordinances in Bihar. Continuously for twenty years the Government of India has not broken that record! You have only promulgated it during the last ten months...*(interruptions)*...

The Minister of Finance (SHRI P. CHIDAMBARAM): We actually promulgated it once more on 21st of June.

SHRI SATISH AGARWAL: I am coming to that. Because that could not be passed and also because that the Lok Sabha was dissolved--and naturally all that has gone to waste, nor for the fourth time, on 21st of June, 1996 it has been promulgated, with a continuity clause, of course, and it has to be effective from 20th September, 1996. It has been given a retrospective effect from 1995.

So far as the measure is concerned, I welcome this measure and probably this is on the lines of the Depositories Trust Company of the United States. They have got a National Securities Clearing Corporation in New York. More or less, it is designed on those lines. But the conditions prevailing in the United States and other Western countries are much more different from those prevailing in this country. My serious objection to the previsions of this Bill, particularly with regard to permitting foreign companies and foreign banks to be registered as depositories to handle these transactions is very much there. I strongly oppose this move on this ground, particularly in view of our experience, India's experience in the securities system. This House is well aware of it and we had debated it for long and there was a long controversy with regard to that, and that is why a Joint Parliamentary Committee was constituted, enquiries were made, investigation was done, a Report was tabled; then again discussions were held. And for the benefit of the hon. Finance Minister now and for the benefit of my colleagues in this House I want to particularly mention that these foreign banks and foreign companies may play havoc with our economy. We cannot be placed at par with them. Though we are globalising or we are going in that direction and the hon. Finance Minister is continuing the same process which was set in motion by the predecessor Finance Minister, I wish to warn you against it. You should refer to the Report of the Joint Parliamentary Committee, what they have said about the foreign banks—it is at page No. 216, para 16.38:

> "Examination by the Committee has revealed that many of the foreign banks have been deeply involved in the irregularities in securities transactions and with their tremendous resources, their undoubted clout, their aggressive policies and posturing, they can if they choose, play havoc with the economy."

Then, Sir, without going much more into the details, the Joint Parliamentary Committee in its Report, at page 272, have mentioned—I quote:

> "The Committee examined particularly the securities transactions of four foreign banks, i.e. SCB, ANZ Grindlays Bank, BOA and Citibank. The examination by the Committee of securities transactions in banks has revealed that foreign banks particulalry have been deeply involved in the irregularities in securities transactions, they have acted in an unbecoming manner, indulged in large scale security deals, highly dis-proportionate to their normal requirements and in the process not only violated the RBI guidelines, but also their own set procedures and *prima facie* the laws of the countries of the origin."
>
> "....and in the process not only violated RBI guidelines but also their own procedures and *prima faice* the laws of the countries of

their origin. In the process they have thrown overboard all principles of prudence and safety in management of funds of constituents who had reposed faith and confidence in them.

The amount involved is given. It consists of more than Rs. 8,000 crores. I need not go into those things. Why I am making a mention of this nature is in order to caution my esteemed colleague, my dear friend, Mr Chidambaram, that later on when a scam takes place in these depositories he may not come forward with an explanation which was offered by the predecessor Finance Minister before the Joint Parliamentary Committee, "I am not responsible for what is happening in the depositories or in the SEBI or in the foreign banks. I am the Finance Minister. I am not concerned with that. I don't own any responsibility." But utlimately the Committee found him guilty. He tendered his resignation. But it was not accepted and he continued to be the Finance Minister for another two or three years. It is my duty, not only as a Parliamentarian but also as a friend of Mr. Chidambaram, to draw his attention to the response of the Joint Parliamentary Committee with regard to the defence which was put up by Dr. Manmohan Singh before the JPC. I quote:

> "The FM has raised a point to which the Committee feel it should react. In his written submissions the Minister has stated:
>
> "As regards the functions of the FM, "he oversee the working of the Ministry and provides overall policy guidance to the officials. Revenue and expenditure decisions are the direct responsibility of the Finance Ministry. As such FM has the more direct responsibility in these areas. He is also responsible for broad policy decisions affecting the financial system where the Finance Ministry is involved. However, FM cannot be held responsible for administrative failures or management deficiencies in the case of individual banks and other financial institutions."
>
> "The Committee feel that such a distinction cannot be sustained by the constitutional jurisprudence under which the Parliamentary System works."
>
> "The principle of constructive procedural responsibility is equally applicable to other Departments and Ministries where acts of omission and commission have taken place in the discharge of functions and duties at different levels."

The Committee did not accept this and they said, "No, you are also responsible for that". There were detialed discussions with regard to the role, functions, duties and obligations of the Finance Minister. So, I thought it my duty to warn and caution my esteemed colleague that later on he cannot say so, if any scam takes palce in these depositories or if foreign banks or foreign companies with 51% participation indulge in irregularities. That is why I am taking a serious objection to this portion or provision of this Bill.

Apart from this, Sir, I have got some points, much more important than my objections, for clarification. They are whether any rules under clause 24 have been framed by the Central Government, whether any regulations under clause 25 have been framed by the SEBI and whether any by-laws under clause 26 have been framed. Now the crucial link is thorugh the clearing corporations. There is no other link. The clear and crucial link is through the clearing corporations. I understand that two clearing corporations have come into existence, one is the National Securities Clearing Corporation Limited and the other—it is for South India—is India Clearing Depository Services Limited to ensure proper delivery *versus* payment system. It is known as "DVP" for trans-

fer of securities and funds from one account to another account. Now an option has also been given in this Bill whereby one can opt for resorting to the electronic debit and credit system, this depository system. An option is also available to an investor whereby he can resort to the prevailing system of physical transfer of securities. This option has been given. I have no quarrel with that at the moment, though some points may be raised later with regard to that. I would like to know from the hon. Minister this. I go in for a depository system and I deposit my share certificates with a particular depository. He makes a credit and a debit. He debits my account and credits the account of 'X' or 'Y' or 'Z'. So this transfer takes place. But the certificates are with me. Now I would like to know whether these certificates are destroyed by the depository or whether those very certificates can be utilised for trading purposes in the market. What safeguards or precautions have you taken in this regard? What mechanism have you evolved to prevent such malpractices? I hope that the hon. Minister would like to clarify this point when he replies to the debate. What is the check? Probably this provision has been made under clause 6.

Now we are all aware of computer frauds. Computer frauds are taking place. What preventive measure has the hon. Finance Minister taken in this Bill with regard to the computer frauds? We are opening up the economy, rather we have opened up the economy. We are going much ahead in that particular direction. I and my party have welcomed some of the measures that the previous Government took and this Government may take. It is not that we are opposing it for opposition's sake. Whatever good measure in the national interest or in the larger public interest is there, I and my party will always support it. There is no question of opposing it just for the sake of opposition. But I have some serious doubts in regard to clause 3, registration of depositories, as mentioned in clause 2 where the definition has been given in regard to clause 3. I have raised this particular doubt. I hope that the hon. Finance Minister will clear the position on this account. The hon. Minister may also explain to the House regarding the last 10 months, since September, 1995, as to how much business has gone to the depository system and how much business is there in the physical transfer system. I would like to know whether they are functioning well and whether rules and regulations and bylaws have been framed. What has been the experience during the last 10 months? The hon. Finance Minister, while replying to the debate, may clarify all these points. With my strong reservations on one point, I, by and large, support this measure and welcome it. That is all I have to say while moving this Statuory Resolution. Thank you.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Agarwal, are you moving this Resolution disapproving the Ordinance?

SHRI SATISH AGARWAL: Yes.

THE VICE-CHAIRMAN (SHRI Md. Salim): Mr. Finance Minister, you are very fortunate becuase for the last eight months there was something wrong either with the Rajya Sabha or with this Bill. Whenever your predecessor came with this Bill, some *hungama* took place.

SHRI ASHOK MITRA: Mr Vice-Chairman, Sir, you are inviting us to start *hungama?*

THE VICE-CHAIRMAN: (Shri Md. Salim): Mr. Minister.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir,

I beg to move that the Depositories Bill, 1996 in replacement of the Depositories Ordinance, 1996 (No. 28 of 1996) as passed by the Lok Sabha be taken up for consideration by this House.

At present, the settlement and transfer of securities in the capital market neces-

sitates physical movement of certificates which causes considerable hardship to the investor in terms of delay in transfer and settlement, loss, forgery and multiliation of share certificates during the process of transfer In order to eliminate these disadvantages of the present system, the Depositories Ordinance was promulgated on September 20, 1995. The Ordinance provides a legal framework for establishment of Depositories to enable record as well as transfer ownership of securities through a book-entry form. The Depositories Bill, 1995 in replacement of the Ordinance was passed by the 10th Lok Sabha in the winter session of 1995. The Bill, however, could not be taken up for consideration by Rajya Sabha. The Depositories Ordinance was, therefore, repromulgated on June 21, 1996 as Depositories Ordinance, 1996 (No. 28 of 1996). The Ordinance is now proposed to be replaced by the Depositories Bill, 1996.

Securities transactions are efficiently managed when trading, settlement and delivery times for completing such transactions are minimised. This calls for elimination of, either wholly or substantially, a paper based system of recording ownership of securities. Establishment of Depositories will reduce the time taken to complete a transaction cycle and eliminate several aberrations which characterise a paper based trading system.

The salient features of the Bill are as follows:—

It provides a legal framework for establishment of one or more depositories. The depository would maintain ownership records of securities and effect changes in ownerhsip through book entry.

Investors opting to join the depository system will be required to be registered with a participant who will be agents for the depositories. The paprticipants could be financial institutions, scheduled banks, State Financial Corporations, custodians, brokerage firms, etc.

The depositories will be recorded as registered owners on the books of the company on behalf of investors opting for the depository mode. The depository would, in turn, in their records enter the names of investors as beneficial owners. All economic and voting rights will vest with the beneficial owner.

Securities in the depositories mode will be dematerialised that is to say there will not be any paper. However, the investor has the option to choose between holding securities as at present in physical form or hold in a dematerialised form within the depository. Issuers of securities will give investors the choice either to receive physical securities or to join the depository mode. At any time, the investors will have the option to enter or exist from the depository. Securities in the depositories mode will be fungible meaning thereby, that they will cease to have distinctive numbers. Even though the bill provides for free transferability of securities, the company retains the rights to appeal before the Company Law Board for transfer in violation of any provisions of SEBI Act or its regulations or the Sick Industrial Companies (Special Provisions) Act, 1985.

Ownership changes in the depository system will be made automatically on the basis of delivery versus payment. There will be a regular mandatory flow of information about detials of ownership by the depository to the company concerned.

The bill proposes to make consequential changes in the Companies Act, Income Tax Act, Securities Contracts (Regulation) Act, SEBI Benami Transactions (Prohibition) Act, Indian Stamp Act, etc. In respect of the Indian Stamp Act in particular, the changes are intended to exempt all transaction within a depository mode from payment of stamp duty.

Detailed regualtions have been notified by SEBI to operationalise depositories. Depositories will have to be registered

with SEBI who would also issue a certificate of commencement.

It is proposed that the depository arrangement will be implemented in phases so that there is an orderly switch over from the existing system. It is felt that the new system will considerably enhance the efficiency of the capital market and benefit the investors by making the settlement and transfer of securities quicker, more accurate and safer. Depository will help and would greatly enhance the liquidity of capital market through short trading and settlement cycles. Depository was a much needed reform in the capital market which the bill seeks to facilitate.

May I briefly respond to the two important points made by my hon. Member, Shri Agarwal? Firstly, so far only one depository has been registered by the SEBI and that is a depository sponsored by the National Stock Exchange. It goes by the name, 'National Securities Depository Corporation'. It has not yet started functioning. Therefore, there is no changeover to the depository mode yet. Only one depository has been registered so far. Therefore, we have to see before we think of any change that may have to be made.

As regards the other point of foreign banks, actually, Sir, this is not there in the Act. Who the sponsors of depositories will be is a matter to be regulated by regulations made by the SEBI. SEBI has, in fact, made a set of regulations only on the 16th of May, 1996. Those regualtions will be palced before this House and the Lok Sabha, under Section 27 of the Act, when this Bill becomes the law, then it will be the property of this House for 30 days. And it is only after this House and the Lok Sabha approve them that the regualtions will come into operation. Therefore, the provision of who the sponsor will be which is now contained in regulation No. 6 sub-regulation No. 3 providing for a foreign bank also to become a sponsor is subject to modification by this House. But anticipating such a criticism, I have already made a statement when the matter was raised in the Lok Sabha that I was advising SEBI of the views expressed by the Members of the Lok Sabha. I would certainly, advise the SEBI of the views expressed by Mr. Agarwal as well. These regulations are not final. They are only in the initial stages. They are revising the regualtions. Anyway, whatever regulations they make will have to be placed before this House and will have to be approved by both the Houses in the sense that regulations, unless modified, will come into force only then. Therefore, there is a ample time to take a look at this provision. And, if necessary, we can drop this provision for the time being. There are other categories of sponsors. So, as and when a foreign bank applies for depository, we can consider whether it is necessary to allow a foreign bank to sponsor a depository or not. It is not as though we are going to have hundreds of depositories. It is likely that given the stage of our capital market, given the thinness of the market and the thinness of the float, there are likely to be two to three depositories in the first few years and we are not going to indiscriminately register or license the depositories. Sir, with that assurance, I would request the hon. Member to withdraw his Resolution and move on to debate the Bill. I also request the House to debate the Bill and pass it today. Thank you, Sir.

The questions were proposed.

SHRI SATISH AGARWAL: Sir, if there is a positive response from the Minister, I will definitely withdraw my Resolution.

श्री राघवजी (मध्य प्रदेश): धन्यवाद उपसभाध्यक्ष महोदय मैं अपनी ओर से और अपनी पार्टी की ओर से डिपॉजटरी विधेयक का समर्थन करने के लिए खड़ा हुआ हूं। वास्ताव में इस बिल की जरूरत थी क्योंकि प्रतिभूतियों के हस्तातंरण मे बहुत विलम्ब होता था और अन्य परेशानियां होती थीं, जिनका जिक्र अभी माननीय वित्त मंत्री जी ने किया है, उन सभी कारणों से इस बिल

को लाना बहुत जरूरी था। इस बिल को लाना इसलिए और भी जरूरी था कि जो घोटाले हुआ करते हैं सिक्युरिटीज़ के, वे घोटाले मिनिमाइज़ हो सकते हैं, कम हो सकते हैं, हो सकते थे। सन् 1978 से इस बात की चर्चा चल रही है कि विदेशों में जिस प्रकार की डिपॉज़टरी की व्यवस्था है, वैसी व्यवस्था भारतवर्ष में भी की जाए। भारत में निरंतर सिक्युरिटीज़ के सौदे बढ़ते जा रहे हैं। अभी ऐसा अनुमान है कि इस वक्त लगभग 2,20,00,000 इन्वेस्टर्स भारतवर्ष में हैं जो देश के कोने-कोने में, कस्बे-कस्बे में फैले हुए हैं। 600 कम्पनियां हर वर्ष रजिस्टर्ड होती हैं, पूंजी मार्किट में आती हैं और जो परिवार सेविंग्स का परसेंटेज किसी समय 6 परसैंट था, वह बढ़कर 15 परसैंट हो गया है। इसलिए यह बहुत आवश्यक था कि शेयर सर्टिफिकेट्स का ठीक प्रकार से रेगुलेशन हो, ठीक प्रकार से उनके हस्तांतरण की व्यवस्था हो, इसलिए इस काननू की बहुत आवश्यकता थी।

आप बहुत देर से इस बिल को लाए हैं लेकिन दुरुस्त लाए हैं, इसके लिए मैं आपको धन्यवाद देता हूं । चूंकि यह पिछली सरकार का लाया हुआ बिल है और उनके द्वारा ही तैयार किया गया बिल है, इसलिए कार्मियों के लिए इस सरकार को तो मैं दोष नहीं दे सकता लेकिन इतना समय मिलने के बाद भी यह बिल पूरी तैयारी के साथ नहीं लाया गया है। ऐसा लगता है कि जल्दबाजी में यह बिल तैयार किया गया है क्योंकि जो प्रावधान मुख्य बिल में होने चाहिये थे, उनको रेगुलेशन के लिए छोड़ दिया गया है।

महोदय, अभी यह बात आयी कि डिपाजिटरी का गठन कैसे होगा? यह बड़ी अजीब बात है कि हम डिपाजिटरी बिल ला रहे हैं और इसका गठन कैसे होगा, इसका कहीं इसमें प्रावधान नहीं है। सिर्फ सैक्शन 3 में लिख दिया है कि जिसको "सेबी" रजिस्टर करेगी, वह डिपाजिटरी बन जाएगा। वास्तव में मुख्य बिल में ही इसकी व्यवस्था होनी चाहिये थी। अभी जैसे कहा गया कि 100 करोड़ पूंजी होनी चाहिये लेकिन इस पूंजी का इस बिल में कोई जिक्र नहीं है। रेगुलेशंस होंगे और उसमें इस सब चीजों की व्यवस्था होगी। और भी कई जरूरी प्रावधान इस बिल के अंदर नहीं हैं।

महोदय, ये डिपाजिटरी देश के अंदर कितनी होंगी, कहीं इसका जिक्र नहीं है। मेरा व्यक्तिगत मत यह है कि हिंदुस्तान में जितने स्टॉक एक्सचेंज हैं, प्रत्येक में एक-एक डिपाजिटरी होनी चाहिये और इन सबको नियंत्रित करने के लिए एक सेंट्रल डिपाजिटरी भी होनी चाहिये। सेंट्रल डिपाजिटरी का कहीं जिक्र नहीं है। मेरे ख्याल से रेगुलेशंस में भी सेंट्रल डिपाजिटरी का जिक्र नहीं है। अगर कई डिपाजिटरीज़ होंगी और उनको नियंत्रित करने के लिए कोई सेंट्रल डिपाजिटरी नहीं होगी तो कई दिक्कतें आ सकती हैं। इसलिए मंत्री महोदय, मेरा आपसे निवेदन है कि सेंट्रल डिपाजिटरी की बात भी आप रेगुलेशंस के माध्यम से तय कर दीजिए।

महोदय, इस बिल से यह भी पता नहीं चलता कि क्या एक स्टॉक एक्सचेंज में एक से अधिक डिपाजिटरी भी हो सकती हैं? इस बिल से इस बारे में कोई अंदाज नहीं लग रहा है। मुझे मालूम नहीं है कि रेगुलेशन में क्या व्यवस्था की गई है लेकिन एक स्टॉक एक्सचेंज में एक ही डिपाजिटरी रहे तो ज्यादा अच्छा होगा और काम सुचारू रूप से चलेगा। इसलिए प्रत्येक स्टॉक एक्सचेंज के लिए एक ही डिपाजिटरी होनी चाहिये।

अब जहां तक सिक्योरिटी की परिभाषा की बात है, उसके बारे में भी लिख दिया है कि सिक्योरिटी की परिभाषा "सेबी" करेगी। जिसके लिए यह एक्ट बनने जा रहा है, आपने उस सिक्योरिटी की परिभाषा ही नहीं की है। क्या इसमें केवल शेयर्स शामिल होंगे? इसमें डिबेंचर्स शामिल होंगे या नहीं होंगे? इस बारे में कोई जिक्र नहीं किया गया है।...**(व्यवधान)**

SHRI P. CHIDAMBARAM: Please see clause 2 (e). It defines what a depository is.

श्री राघव जी: इसमें डैफिनेशन में जो लिखा हुआ है, वह मैं पढ़कर सुना देता हूं—

> "Security means such security as may be specified by the Board."

इसमें डिबेंचर्स शामिल होंगे या नहीं होंगे?

SHRI P. CHIDAMBARAM: I don't know what you are reading. In clause 2 (e), 'depository' is defined as "a company formed and registered under the Companies Act....".

SHRI SATISH AGARWAL: Mr. Minister, Raghavji is referring to 'securities' and not to 'depositories'.

SHRI RAGHAVJI: I am talking about securities and not about depositories.

SHRI P. CHIDAMBARAM: The interpretation in English is talking about depositories.

SHRI RAGHAVJI: I am talking about the definition of 'security' and not 'depository'. The definition of 'security' says, 'such security as may be specified by the Board'.

SHRI P. CHIDAMBARAM: I am sorry I heard it as depository.

श्री राघवजी: इसमें डिबेंचसर शामिल होंगे या नहीं, इस बारे में कोई ज़िक्र नहीं है। जो मूल बातें हैं वे अगर बिल में नहीं हैं तो इसको अधूरा कहा जाए या न कहा जाए? इसलिए मैं मानता हूं कि यह बिल अधूरा है। यह कब पूरा होगा? फिर इसमें रूल्स बनेंगे, फिर रेगुलेशंस बनेंगे, बाई-लॉज बनेंगे। रूल्स केन्द्रीय सरकार बनाएगी, रेगुलेशंस "सेबी" बनाएगी और बाई-लॉज़ डिपाजिटरी बनाएगी। मैं आपके बिल को क्रिटिसाईज़ नहीं कर रहा हूं लेकिन जो मूल बातें हैं वे इसमें आ जानी चाहिये। जैसे माननीय सदस्य श्री अग्रवाल जी ने कहा कि फारेन बैंक भी डिपाजिटरी बन सकते हैं क्योंकि उनको सर्टिफिकेट इशू हो जाएगा तो वे भी डिपाजिटरी बन जाएंगे। अभी मंत्री जी ने इस बारे में स्पष्टीकरण दिया है कि वे इस बारे में "सेबी" को लिखेंगे और इसमें संशोधन लाएंगे। लेकिन अगर वास्तव में इस इस बिल के अंदर ही प्रावधान कर दिया जाता जैसा कि जे०पी०सी० की भावना थी तो यह त्रुटि नहीं रहती और यह साफ भी हो जाता कि विदेशी कम्पनियां इसमें कुछ नियंत्रण नहीं कर पाएंगी, इसमें कुछ गड़बड़ियां नहीं कर पाएंगी और उनको इससे बाहर रखा गया है। अब यह तो ठीक है कि कोई भी इंवेस्टर डिपाजिटरी मे रहना चाहे तो रहे और न रहना चाहे तो न रहे, यह आप्शन दिया गया है। लेकिन मेरा यह निवेदन है कि अगर प्रभावी नियंत्रण रखना है और डुप्लीकेट शेयर्स के घोटाले को रोकना है, एक ही अंक के कई शेयर चले बाजार में और वह अलग-अलग जगह प्लेस भी कर दिए गए। रिलयंस के मामले में इस प्रकार का हुआ है और फेक सार्टिफिक्रेट चलते हैं, डुप्लीकेट शेयर सार्टिफिकेट चलते हैं। यह सब घोटाले होते हैं। इसको रोकने के लिए यह जरूरी है कि अब जो नई कम्पनियां मार्केट में आएं उन सबके लिए यह अनिवार्य कर दिया जाए कि वह सब अपना व्यवहार डिपॉजिटरी के माध्यम से करें। जितने बैंक हैं, विदेशी बैंक हैं, विदेशी इंवेस्टर्स हैं, म्यूचल फंड हैं इन सबको यह अनिवार्य कर देना चाहिये कि वह आगे से अपने जितने व्यवहार होंगे अपने शेयर्स के, डिबेंचर्स के वह सब के सब डिपॉजिटरी के माध्यम से करना चाहिये तभी यह डिपॉजिटरी बिल प्रभावी हो पाएगा, वरना जो अभी तक आई हुई हैं-स्वीच ओवर आफ दी शेयर्स और डुप्लीकेट शेयर्स की गड़बड़ियां आगे भी होने की संभावना है और उस संभावना को रोकने के लिए यह जरूरी है कि इनके लिए अनिवार्यता कर दी जाए।

जो सैक्शन 12(1) में है, मैं माननीय वित्त मंत्री जी का ध्यान इस ओर आकर्षित करना चाहूंगा। उसमें यह लिखा है कि:

> "...may with the previous approval of the depositories."

और सैक्शन 12(2) में लिखा है: "...shall intimate..."

जो प्लेज के लिए हैं, हाईपौथिकेशन के लिए हैं। जो बेनिफिशरी होगा वह चाहे तो "मे" का मतलब यह है कि उसका आप्शन हो गया। अगर वह चाहे तो with the previous approval of the depository, प्लेज की व्यवस्था कर सकता है। उसके नीचे लिख दिया है कि: he shall intimate, तो यह दोनों प्रावधान जो लगते हैं, इसमें एक दूसरे के विधोधाभाषी हैं और ठीक प्रकार से इसको नहीं लिखा गया है। इसलिए मैं चाहता हूं कि इसमें संशोधन करें वरना कभी भी यह कोर्ट में चैलेंज होगा और बाद में इसमें दिक्कतें आएंगी। फिर प्लेज या हाईपौथिकेशन है। जो बंक करते हैं उनके लिए भी यह अनिवार्य करना चाहिये कि वह डिपाजिटरी के माध्यम से ही प्लेज या हाईपौथिकेशन करें। यदि ऐसी व्यवस्था नहीं की गई तो एक ही नम्बर के शेयर्स तीन-तीन जगह प्लेस हो जायेंगे जैसा कि पहले हो भी चुका है। एक तरफ तो वे बेचे हुए हैं और दूसरी तरफ मार्केट मे भी घूम रहे हैं।

जैसा कि रिलायंस कम्पनी के द्वारा हुआ है। तो यह सब गड़बड़ियां न हो सकें, इसके लिए जो बैंक या फाइनेंसियल इंस्टीट्यूशन शेयर सार्टिफिकेट और डिबेंचर्स प्लेज करते है उनके लिए भी यह अनिवार्य कर दिया जाए कि वे अपना कारोबार डिपोजटरी के माध्यम से करें।

फिर इसमें सैक्शन-17 (1) है।

"Rights and obligations be decided by regulation."

अब डिपॉजिटरी के राईट्स क्या होंगे, रेग्यूलेशन क्या होंगे और पार्टिशिपेंट्स के राईट्स एंड रेग्यूलेशन क्या

होंगे, इंटरमीडिएटरी के राईट्स एंड रेग्यूलेशन क्या होंगे। अगर इनका इस विधेयक में प्रावधान नहीं कर सकते हैं और इनको रेग्यूलेशन के भरोसे पर छोड़ देते हैं तो मैं समझता हूं कि यह कोई आदर्श विधेयक नहीं कहा जा सकता। मूल बात यह है कि जो मूलतः राईट्स एंड रेग्यूलेशन है, कम से कम उनका तो उल्लेख इस विधेयक में होना चाहिए। डिपॉडिटरी क्या हो, पार्टिशिपेंट क्या हो, अगर इन सब का इसमें उल्लेख नहीं हुआ तो यह बिल अधूरा ही कहलाएगा और रेग्यूलेशन बाद में आएंगे और बाद में पार्लियामेंट में भले ही प्रस्तुत होंगे, आज तो हमारे पास रेग्यूलेशंस भी नहीं है। आपने आर्डिनेंस निकाल दिया, रेग्यूलेशन हमारे पास हैं नहीं। इस पर बहस भी करते हैं अधूरी बहस ही होगी।

3.00 P.M.

हम कुछ कहेंगे, सुझाव देंगे तो आप रेग्युलेशन्स में से पढ़ कर बता देंगे कि इसका तो प्रावधान किया गया है इसका तो होना है या इसके बारे में विचार चल रहा है। तो रेग्युलेशन्स वाली मोटी-मोटी बातें इस बिल में होनी चाहिए। अब है सेक्शन 20, बात तो बहुत छोटी है। इसमें सज़ा का जो प्रावधान किया है वह कारावास के लिए तो पांच वर्ष की मैक्सिमम लिमिट कर दी लेकिन फाईन की भी लिमिट होनी चाहिए, पांच लाख, दस लाख, बीस लाख, पच्चीस लाख। उसकी कोई लिमिट नहीं है, इसलिए मैं समझता हूं कि यह एक त्रुटि है और इस त्रुटि का दुरुपयोग हो सकता है। इसमें भ्रष्टाचार होगा। जिसके हाथ में यह अधिकार होगा, वह छोटी सी गलती के लिए भी बड़ा फाईन कर सकता है और ऐसी गड़बड़ियां हो सकती हैं। इसलिए कम से कम इसमें अपर लिमिट होनी चाहिए। हर सजा में तो अपर लिमिट हमेशा हुआ करती है जो इसमें नहीं है।

कंपनीज ऐक्ट में कई तरह के संशोधन करने की आवश्यकता है और जब तक उसमें संशोधन नहीं होगा तब तक यह डिपॉज़िटरी बिल जो लाया गया है। वह प्रभावी नहीं हो सकता है और जो कुछ भी इसमें दिया गया है, उतने से ही पर्याप्त नहीं होगा तो इससे ज्यादा संशोधन करने की आवश्यकता पड़ेगी। इसके बारे में क्या विचार चल रहा है? कौन-कौन-सी धाराओं में संशोधन किया जाएगा? केवल कंपनीज ऐक्ट में ही नहीं, और भी कई ऐक्ट्स में संशोधन करने की आवश्यकता पड़ सकती है। फिर मेरा यह भी सुझाव है कि यह डिपॉज़िटरी संस्था जो है, यह अपने आप में बड़ी महत्वपूर्ण संस्था होगी। देश के अरबों रुपए की सिक्योरिटीज के ट्रांसफर्स की व्यवस्था करेगी और इसलिए यह आवश्यक है कि इसका ऑडिट सर्वोच्च संस्था द्वारा कराया जाए। भारत में कम्पट्रोलर एंड ऑडिटर जनरल की जो व्यवस्था है, उस व्यवस्था के माध्यम से, सी०ए०जी० के माध्यम से अगर इसके ऑडिट की व्यवस्था करेंगे तो इसमें बाकी के लोग जो डिपॉजिटरी को प्रभावित कर लेते हैं, जैसी संभावना खत्म हो जाएगी और डिपोज़िटरी के अंदर जो गड़बड़ियां होंगी, वे सामने आ सकती है और इसलिए सी०ए०जी० के माध्यम से इसकी ऑडिट की व्यवस्था करें तो ज्यादा उचित होगा।

फिर अभी जो व्यवस्था है, उसमें शेयर्स या डिबेन्चर्स का जो ट्रांसफर होता है, इसका खर्चा कंपनी ही बरदशत करती है लेकिन अब यह डिपॉज़िटरी बिल के आने के बाद इसके ट्रांसफर आदि का प्रबंध डिपोज़िटरी रखेगी तो उसके खर्च का भुगतान, मुझे ऐसा लगता है कि इनवेस्टर को करना पड़ेगा और इनवेस्टर के ऊपर यह अतिरिक्त बोझ आ जाएगा तो कुछ ऐसी व्यवस्था करिए कि इसके ट्रांसफर आदि का जो डिपोज़िटरी चार्ज लेगी, उसका बोझ इनवेस्टर के ऊपर न आए क्योंकि हिंदूस्तान में इनवेस्टर बहुत छोटे-छोटे हैं, गांव तक फैले हुए हैं, कस्बे तक फैले हुए हैं। सभी लोग धनी नहीं हैं, साधारण परिस्थिति के लोग अधिक हैं, गरीब लोग भी हैं, मध्यम श्रेणी के लोग भी हैं और अगर यह अतिरिक्त बोझ उनको वहन करना पड़ा तो डिपोज़िटरी बिल का, शायद गुणगान वे नहीं कर पाएंगे और इसलिए कोई ऐसी व्यवस्था करें कि उसका बोझ उनके ऊपर न आए।

अब इसमें सेबी की भूमिका बहुत महत्वपूर्ण है क्योंकि सेबी सर्टिफिकेट ईश्यू करती है डिपॉज़िटर्स के लिए और जिसको सर्टिफिकेट ईश्यू करेगी वही डिपॉजिटर्स हो सकता है, अन्य कोई संस्था डिपोज़िटरी नहीं हो सकती। सेबी को रेग्युलेशन्स बनाने का अधिकार है, ये रेग्युलेशन्स एक महत्वपूर्ण दायित्व हैं। सेबी को गाइडलाइन्स भी ईश्यू करने का अधिकार इस विधेयक में दिया गया है। समय-समय पर वह डिपोज़िटरी के लिए गाइडलाइन्स भी जारी करे। तो इसमें सेबी की भूमिका बहुत महत्वपूर्ण है लेकिन आज भारत में जो सेबी की स्थिति है, सेबी इस बात में सक्षम नहीं है कि...मुझे क्षमा करें, सेबी के बारे में मुझे जो जानकारी मिली है, सेबी में स्टाफ को तनख्वाहें बहुत कम मिलती हैं। नतीजा यह हुआ कि जो पूंजी-बाजार में अपनी विशेष योग्यता रखते थे। दक्षता रखते थे, वे धीरे-धीरे सेबी में से हट गए। और जो लोग बचे हैं, वह तनख्वाह

कम होने के कारण विशेषज्ञ लोग नहीं हैं। सेबी को इतने सारे अधिकार इस बिल के माध्यम से दे दिये गये हैं इसलिए सेबी में योग्य व्यक्ति होने चाहिए, योग्य अधिकारी होने चाहिए, निपुण अधिकारी होने चाहिए, दक्ष अधिकारी होने चाहिए, अंतर्राष्ट्रीय स्टॉक ऐक्सचेंज का सारा ज्ञान उन्हें होना चाहिए और अगर यह नहीं हुआ तो काफी कठिनाइयां बाद में पैदा हो सकती है। इसलिए सेबी को विशेष रूप से मजबूत करने के लिए पहल होनी चाहिए। सेबी मजबूत न होने का ही यह कारण है कि प्रतिभूति घोटाला कांड हुआ। सात हजार करोड़ का इतना बड़ा घोटाला हुआ। अगर सेबी की सही भूमिका होती तो शायद प्रतिभूति घोटाला कांड नहीं होता। इसलिए मेरा निवेदन है कि पूंजी बाजार में उत्साह आया है, ट्रांजैक्शनस बढ़े हैं, इनवैस्टर्स बढ़े हैं और इस सबको नियंत्रित करने की सबसे महत्वपूर्ण संस्था अगर कोई पूंजी बाजार में है, तो वह सेबी है इसलिए इसे सक्षम बनाइए, मजबूत बनाइए। इसमें योग्य अधिकारियों की नियुक्ति हो सके, इस प्रकार के उनके वेतन रखिए, यह अत्यंत आवश्यक है। मेरा यह भी सुझाव है कि जो सैटलमैंट होते हैं, उसके लिए यूनीफार्म सैटलमैंट साइकल होना चाहिए। अभी यह व्यवस्था पूंजी बाजार में नहीं है और अब डिपॉज़िटरी रह गयी है और सैंट्रल डिपॉज़िटरी अगर रही तो यूनीफार्म सैटलमैंट साइकल बनाया जा सकता है। एक ही तारीख में जो सौदे क्लीयर होने वाले हैं, उनके लिए एक ही पद्धति अपनायी जा सकती है। अगर यह व्यवस्था उसके अंदर कर दी जाए तो जो कृत्रिम रूप से उतार-चढ़ाव होते हैं, जो फ्लक्चुएशंस होते हैं, उन्हें रोका जा सकता है नहीं तो उससे छोटे इनवैस्टर्स को नुकसान होता है। कृत्रिम ढंग से जो सैक्योरिटीज के दाम बढ़ा दिये जाते हैं, कभी घटा दिये जाते हैं, यह इसलिए होता है कि इसका साइकल जो है, वह यूनीफार्म सैटलमैंट साइकल नहीं है। अब चूंकि डिपॉज़िटरी बन गयी है तो यूनीफार्म सैटलमैंट साइकल होना चाहिए। फिर माननीय अग्रवाल जी ने ठीक ही ऑर्डिनेंस का विरोध किया है क्योंकि अध्यादेश इसलिए जारी किया जाता है कि पार्लियामेंट देर से बैठने वाली है, पार्लियामेंट में विधेयक पास होने में देर होगी, काम होना जरूरी है, इसलिए अध्यादेश के माध्यम से काम शुरू कर दिया जाए। अभी माननीय मंत्री जी ने कहा कि नेशनल स्टॉक ऐक्सचेंज को डिपॉजिटरी किया गया है, किन्तु काम शुरू नहीं हुआ है। मैं माननीय मंत्री जी से जानना चाहता हूं कि अगर काम अभी तक शुरू नहीं होना था तो ऑर्डिनेंस की क्या जरूरत थी? आज बिल पास करके कल नैशनल सैक्योरिटी ऐक्सचेंज को डिपॉज़िटरी बना सकते थे। यह बात सही है कि अभी काम शुरू नहीं हुआ, अभी व्यवस्थाएं जमी नहीं हैं। यह छोटा-मोटा काम नहीं है, यह बहुत बड़ा काम है। एक प्रकार से क्लीरिंग हाउस का काम डिपाजिटरी को करना है। इसलिये बहुत बड़ी व्यवस्था की आवश्यकता पड़ेगी। आज से भी अगर शुरूआत की तो आने वाले 6 से 8 महीने के बाद ठीक प्रकार की व्यवस्था बन पाएगी। तो फिर अध्यादेश की आवश्यकता क्या थी? इसलिये मैं निवेदन करना चाहता हूं कि आज भी अगर आपने नेशनल स्टॉक ऐक्सचेंज को काम सौंपा है, डिपॉजिटरी की संस्था रजिस्टर्ड हो गयी है तो यहां पर काम जल्दी हो सके इसकी व्यवस्था की जाए। इसको सुझाव की, गाइडेंस की, निर्देश देने की, मार्ग दर्शन की आवश्यकता है। हिंदुस्तान में यह नया प्रयोग है और इस कारण उसको मार्गदर्शन की आवश्यकता रहेगी। ठीक प्रकार से अगर मार्गदर्शन नहीं हो पाया तो प्रारम्भ से ही यह गलत दिशा में चला जाएगा और अगर ठीक से मार्गदर्शन नहीं हुआ तो बाद में कठिनाईयां आएगी। तो कुल मिलाकर जो अध्यादेश लाने का उद्देश्य है, वह पूरा नहीं हो पाएगा। इसलिये मेरा निवेदन है कि इस बारे में शुरू से व्यवस्था की जाए। मालेगाम कमेटी बनी, जिसने पूंजी बाजार में सुव्यवस्था किस प्रकार स्थापित हो सके, इस संबंध में 50 से अधिक सिफारिशें दी थीं। मैं जानना चाहता हूं कि क्या मालेगाम कमेटी की सिफारिशों का अध्ययन किया गया है और अगर किया गया है तो उसमें से कोई महत्वपूर्ण सिफारिश जो इस बिल से संबंधित हो सकती थी, क्या उसका समावेश किया गया है अथवा नहीं किया गया है? अगर किया गया है तो किस हद तक किया गया है? क्योंकि मालेगाम कमेटी ने तो 50 सिफारशें की हैं और उनमें से कई सिफारिशों के निश्चित रूप से इस विधेयक से संबंधित जरूर होंगी। इसलिये उनका इसमें समावेश होना जरूरी था तो वह किया गया है या नहीं किया गया है इसके बारे में भी विचार होना चाहिये। इसके बाद कम्प्यूटरीकरण की आवश्यकता रहेगी क्योंकि जिस प्रकार की यह संस्था हो गई है, बिना कम्प्यूटराइजेशन के उसका काम नहीं चल सकता है। कम्प्यूटरीकरण का एक जाल बिछाना पड़ेगा ताकि सैटलमेंट, क्लीयरेंस, ट्रांसफर्स, रजिस्ट्रेशंस इन सबकी व्यवस्था हो सकेगी इसके लिये कम्प्यूटर की व्यवस्था करना बहुत जरूरी है उसके नेटवर्क का व्यवस्थित रूप से पूरा जाल बनाने। इसमें भी काफी समय लगेगा और इसमें कुछ एक्सपर्ट लोगों की आवश्यकता पड़ेगी तो इसके बारे में भी शीघ्र व्यवस्था करने की आवश्यकता है। कुल मिलाकर के एक उद्देश्य

डिपाजिटरी से पूरा हो जाएगा। ट्रांसफर में जो विलम्ब होता है, शेयर सर्टीफिकेट खराब हो जाते हैं, फट जाते हैं, गुम हो जाते हैं तो यह सब कुछ ठीक हो जाएगा। लेकिन इससे बड़ा जो उद्देश्य है, उस उद्देश्य की पूर्ति भी इसमें होनी चाहिये। वह उद्देश्य यह है कि इसमें जो जालसाजी होती है, इसमें जो डुप्लीकेट शेयर इश्यू होते हैं, इसमें जो स्वीचिंग शेयर का मामला चलता है, शेयर सर्टीफिकेट का जो मामला होता है, अगर इसको नहीं रोक पाए तो इसका जो मूल उद्देश्य है वह उद्देश्य पूरा नहीं होगा। वह उद्देश्य अधूरा रह जाएगा।

इसीलिये मैं अभी के माननीय वित्त मंत्री जी को और पहले वाले वित्त मंत्री जी को धन्यवाद देता हूं कि वे डिपाजिटरी बिल लाए हैं, भले ही देर से लाए हैं, कई वर्षों के बाद लाए हैं और राज्य सभा इसको पास करने जा रही है तो इस बात के लिये धन्यवाद देते हुए और इस बिल के प्रति मैं अपना समर्थन देते हुये और जो कुछ मैंने बिंदु बताएं हैं, इन बिन्दुओं की उचित व्यवस्था इसमें कर दी जाए तो यह और भी अच्छा बिल बन जाएगा। यह कहते हुए मैं अपनी बात समाप्त करता हूं।

SHRI VAYALAR RAVI (Kerala): Mr. Vice Chairman Sir, I rise to support this enactment which is overdue. As the Statement of Objects and Reasons has clearly stated, which I quote, "Paper-based ownership and transfer of securities have been a major drawback of the Indian securities market as this often results in delay in settlement and transfer of securities due to bad delivery, theft, forgery etc. causing hardship to the investor." This is the crux of the point. It has been revealed during the enquiry of the JPC which is known as the securities scam. Unfortunately, the politcal overtones of the whole debate drifted away from the real issue. What to do and how to set things right? Rather, I think these deliberations will have to be in that direction, to protect the interest of the investor, to protect the interest of the economy of this nation. As you know, Mr. vice-Chairman, nowadays more transactions have been done through paper work. No one knows where actally securities exist because the scams reveal unscrupulous brokers have done havoc in the past. That is why at the beginning itself, the JPC has mentioned that there is no punishment for the wrong doing and no reclamations have been done to control the whole thing and it has all been left to the whims and fancies of the stock exchange where the reign of the unscruplous brokers. Sir, now this paper work alone will not serve the purpose because paper transactions can amount to gambling. It is the money-making affair rather than investing or in a way it can cheat the poor investor because there is a lot of money in the Indian market. The only purpose of these people who want to have issues, certificates etc. is to collect money from the Indian money market. This regulation, this Bill will give some protection to the investors because there is some kind of depository insitution within the framwork of the law. Sir, in this connection there are certain things which I will bring to your notice. The Minister way saying that only one company has been registered so far; the reason also he might be knowing; the capital may be Rs. 100 crores of rupees. So it is impossible for anybody to mobilise Rs. 100 crores. So the restrictions are there. It also prevents such institutions, credible institutions from entering into the market or to register as a depository. Some of the private banks are willing to do so but they may not be able to siphon off Rs. 100 crores to do so. Of course, the Minister can very well argue that he has to protect the interest of the investors. I agree with him. But at the same time, we cannot allow a monopoly of the depository insitutions because it can be cornered by two or three people. We must find ways and means to make more people come into the picture and for protecting the interests of the investors also. I am in full agreement with my friend, Shri Satish Agarwal, who forcefully argued against the entry of foreign banks. I fully agree with him. It is known to everbody that foreign banks have done havoc in this country. It is quoted largely from the JPC Report. It was reported in

that report that out of the valid transactions 56% have been done by the four foreign banks, especially, the Standard Chartered Bank, which took the lead where by they themselves have done more than Rs. 1,67,000 crores. And, moreover, Sir, it is only four banks i.e. the Standard Chartered Bank, the Grindlays Bank, the Bank of America and the City Bank. That is why, the JPC has clrearly pointed out that they have done havoc to our economy. Sir, here I cite from the Economic Times "The RBI has discovered that Citi Bank's custodial services division had committed major irregularities last year. The irregularities mainly concern 15.77 lakh shares received by the bank which were found to be different from the ones sent for registration.....Forty eight foreign institutional investors are also involved in it." The foreign companies can use these foreign banks which have already done a havoc to our economy and support the foreign depositors to come in. It is the collaboration between the two which will harm the interest of the nation and the interest of our economy. Sir,the number of companies that are involved in the mismatches runs up to 123. Even after the report naming the Citi Bank, even today, they have not at all corrected the mistake they have already committed. That is why it needs the most stringent punishment. That is what JPC also pointed out, that there is no law to punish them. It needs a moral and ethical approach also which they are lacking. Sir, in this connection, I would like to point out about SEBI also. Sir, what is the strategy today? As regards foreign banks, I also want to say a word that there is a recommendation to suspend the licence of the Standard Chartered Bank, but no action has been taken because once you suspend the licence of one foreign bank, then I think, they will come to terms with the law of our land. Sir, you take the SEBI. It has been clrearly stated here. I think it would not be out of place to quote it here. This is about the stock exchanges. This is what the Committee has said: "The Committee are actually in the least surprised to find that even after a decade, the functioning of stock exchanges are still characterised by the same malpractices that had been prevalent earlier. Now, it has been observed by the SEBI, in an extraordinary coincidence of phraseology, 'that the BSE is functioning as a private club of member-brokers, and is characterised by lack of financial management, non-enforcement of market regulations, chaotic market operations and absence of proper marketing control' ". My question is: how long are you going to allow this? That is the basic question. It has been stated by the SEBI itself that the Bombay Stock Exchange, for example, is functioning as a private club of member-brokers. The aim of these brokers and these unscrupulour elements is only to make more money, to make huge profits.

Sir, when you were sitting on this side, you were, of course, opposing liberalisation. But now sitting on that side, I hope you would agree with me. The ushering in of liberalisation made the economy more vibrant. The advent of market economy, of course, unfortunately, brought in all these elements. Along with globalisation, liberalisation and market economy...

SHRI ASHOK MITRA: Crooks are in the market.

SHRI VAYALAR RAVI: I agree. Many crooks come in and they take advantage. They take advantage of the market economy and exploit the situation. These unscrupulous elements loot the nation.

Now, the SEBI also is not able to check many things. What are the powers of the SEBI? There are two departments in Ministry; the Exchange Department and the Banking Department.

THE VICE-CHAIRMAN (SHRI MD. SALIM): While supporting this, you can oppose the crooks.

SHRI VAYALAR RAVI: Certainly, I oppose these crooks. I not only oppose them, but I want that more stringent punishment should be given to them and they should be put behind the bars. Unfortunately, however, every body is out; nobody is behind the bars. The only thing is that some of them might have committed suicide; nothing else.

The point I am making is this. SEBI makes inspections to regulate the whole thing. The Bombay Stock Exchange which is dealing with about 65 per cent of the total transactions is, itself, controlled. As you know, a lot of cases are pending in courts. Take, for example, the Cochin Stock Exchange. There is a case pending in the court. These people go to the court. It has become a profitable business for them. They are dealing with the economic prospects of many companies, their expansion activities and a lot of other things. The stock exchanges have become the indicators of economic stability and development. When you put on the TV, you can see all kinds of indicators.

After liberalisation, these unscrupulous people were not interested in increasing the productivity and profitability; they were only interested in boosting the share prices, inflating the share prices, artificially, in connivance with the brokers and the people in the stock exchanges. That is the kind of crime they have committed. In this process, they looted the money of the ordinary, poor, shareholders. That is how the whole securities scam came up. It has thrown light on many things.

Sir, what I suggest here is that these people should be prosecuted under the Indian Penal Code or some other law of the land. You have to consider giving them the stringent punishment. As you have prescribed here a term of imprisonment of five years, you should severely punish them. In the light of the many aspects which have come out from the securities scam, I think the Government should come out with a more comprehensive legislation which would make the investor feel more secure. Not only the investor should be made to feel more secure, but the economy should also be made to stand on a strong foundation. Of course, the crooks should be made to know that if they play havoc, they would be punised.

Amendments have been made to facilitate the use of computers. All these things are coming in. But I think it may also give room for manipulation. I am not against modern technology. Modern technology can come in. At the same time, we have to be a little bit cautious. I am not saying that there would be a computer virus, but things may be done in such a way that it may give room for manipulation. How do you propose to prevent it? This also has to be looked into.

The other point is, Sir, reports are coming in about the different companies. about three-four days back, there was one such report concerning a company, namely, the Reliance Industries. They themselves have admitted that 25—30 per cent of the shares were manipulated or fabricated. The company itself has made a statement that some fake certificates have been issued. So, if established companies are starting such paper transactions, there may be companies which themselves may be fake. I admit that this enactment will make some regulations, but we are not yet having any legislation for booking such unscrupulous people, who are taking the nation and the economy for a ride, especially when the hon. Finance Minister has presented the Budget which itself is on the same lines, which we had been following for the last two years. Of course, the matter would have gone within the existing framework and we would be discussing it later on. The contribution of the private enterprises to the industrial investment in the country is increasing every day. Foreign investments have also come in. Our GDP is increasing and a lot of things are happening, but in all these processes, the

stock exchanges and the share-holders are playing their role. Companies are getting permission from the Reserve Bank for floating shares and collecting the public money. This is the regular process today. People do not know what may happen tomorrow. The company may go to docks or may be liquidated. Anything may happen. Here comes the responsibility of the Government for protecting the interests of the investors and for insuring that the companies have some kind of financial stability and that they do not only thrive on the public money. Unfortunately, Sir, there is no such comprehensive enactment under which such companies can be prosecuted for their criminal offence and those responsible can be put behind bars. The only thing by which you can go about it is the provisions of the Indian Penal Code. So, I wish that apart from this Depository enactment, the hon. Minister bears in mind the basis of the JPC Report. He must be closely watching the functioning of the SEBI as well as the stock exchanges, because there are reports that some companies are quarrelling among themselves and they may withdraw or go to the court. They are all using this institution just for having financial control in their transactions. It has rather become a profitable institution for somebody who has been working in it.

Now the stock exchange is going to open its branches in different places. I do not know what is the procedure on that. If thay open the branches, then you have to supervise to see that they indulge in responsible activities in different district headquarters. I do not know how far you can supervise over them. You have to see whether it is advisable to open branches in different places.

The scam has also revealed that offices of the banks are more involved in these mal-practices. The JPC has made a report on the functioning of the Reserve Bank also. They have said that it is full of Directors serving the interests of industrialists and some other persons and not competent economists. so, I would like that you see to it that the Board of Directors of the Reserve Bank is not full only of the people who serve the interests of industrialists and interested parties, but there are people who are eminent economists. such people should out number the others.

Another concern in this connection that I would like to bring to your notice is that the scam has come about because the banks themselves were involved. Recently, the Ministry of Finance has sent a circular saying that the Directors on the Boards will only be spectators. There should be Committees of Managers who would do everything. The entire dealings of the banks should be done by these officers. These Managers are actually responsible for the mal-functioning in the banks, not the Directors who are appointed on the Board. They have now only to sign on the documents that are produced by the Committee of Management Officers. The Minister may re-examine this. I do not know what purpose it will serve. It will only create loopholes for the officers to manipulate all the work which cannot be scrutinised by the Directors on the Board. So, when you are thinking of all these changes, these things should not be done piecemeal. This Bill is also a piecemeal legislation. At the same time, you should look into other areas of the Stock Exchanges. You should also consider strengthening the functioning of the SEBI. It should be vested with more powers. The banking industry also should be more vigilant because they have to look into everything. That is the only way you can do it. Shri Agarwal Ji quoted from the JPC report. He said that even the JPC report says, "The functioning of the bank is the responsibility of the Minister." I disagree with my friend. Of course, it is a debatable point. I do not agree with him because there are 28 or 29 nationalised banks. Even one bank might go red. As on today, there are many banks which are in the red. You cannot hold a Minis-

ter responsible for the day-to-day functioning of a bank. I do not agree with the JPC report also. Of course, our policy was responsible. How can a Minister be held responsible for the functioning of a bank? I do not agree. At the same time, there are many financial institutions like the IDBI. These institutions must have a careful look into it. Today, I have seen the answers given by the Minister. The financial institutions like the UTI, IDBI are encouraging financial investment by private parties.

In this connection, I have to mention one thing. The Minister should look at the disparity in disbursing the amount by these financial institutions. Unfortunately, the IDBI and other financial institutions are located either in Mumbai or in Calcutta. Unfortunately, they think that these are the places which represent India. At the same time, they are forgetting the State of Kerala, the State of Tamil Nadu and other parts of the country. They think that these places are not part of India. Sometimes it appears to us like that. (Time bell) I am concluding. This is an occasion to enlighten the Minister with the experience which we encounter from financial institutions.

THE VICE-CHAIRMAN (SHRI MD. SALIM): You should have addressed these problems to his predecessor.

SHRI VAYALAR RAVI: Once upon a time the present Minister was one amongst us, not now. It depends on many factors. So far as IDBI, ICICI and other financial institutions are concerned, there are a lot of things involved. Their investment in the States like Kerala and some other States which are backward is very less. We knew from the Government sources that whenever the Kerala Government took a guarantee and approached these institutions, they took a very negative attitude. Even though now Kerala is being ruled by the LDF, in this matter there is no difference among political parties. Of course, next time we are going to rule the State; and that is why we have no difference on this matter. So far as the interest of the State of Kerala is concerned.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Left or Right, Kerala is right.

SHRI VAYALAR RAVI: Yes, Kerala is right. So far as development of Kerala is concerned, there is no difference of opinion among all political parties. We are all one. The IDBI has got a very small office in Kerala. The Minister should have a look at the total investment in Kerala which is the poorest in this country. If you take all financial institutions in totality, it is very small. Since I got an opportunity to speak on the floor of this House, I thought that I should bring this matter to the notice of the hon. Minister. I want the Minister to look into this matter.

On the basis of the JPC report he should try to regulate the functioning of the Stock Exchanges. Don't allow it to function as a club of agencies or brokers. With these works, I support the Bill and conclude my speech.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Before I call upon the next speaker, I have got something to inform the Members. Yesterday, some of the Members have expressed their concern about the strike by the doctors of the All India Institute of Medical Sciences. The Health Minister would like to inform the House about the latest sitution there.

INFORMATION BY MINISTER

Calling off of Strike by Resident Doctors of AIIMS

THE MINISTER OF STATE OF THE MINISTRY OF HEALTH AND FAMILY WELFARE (SHRI SALEEM IQBAL SHERVANI): Mr. Vice-Chairman, Sir, a number of hon. Members have expressed their anxiety over the happenings and about the strike at the All India Institute of Medical Sciences. I am glad to inform the hon. Members that